reference of the Investment Commission. I would request the hon. Member to look at the terms of reference. the FIPB was a very different body, although it has within it investment promotion. As it turned out, it was only a one-stop service station, where all applications were received and the approvals of various Ministries and Departments were obtained and then communicated to the applicant. The FIPB was not a proactive investment seeking body. It was simply a body of Secretaries to the Government, who were clearing applications. What we contemplate is very different — a proactive investment-seeking body led by the private sector. This is a new idea and, I think, this idea deserves to be given a fair chance.

SHRI RAVI SHANKAR PRASAD: Sir, if I see the reply of the hon. Minister, there is a very interesting word under (ii) that 'the Investment Commission located within the Government will enjoy operational autonomy' and also facilitate investment. I am quite sure the hon. Minister would appreciate that foreign investment also substantially...(*Interruptions*)

MR. CHAIRMAN: Please come to your question.

SHRI RAVI SHANKAR PRASAD: Sir, my question is that depending upon the kind of political understanding on the need to have direct foreign investment: Is your Government committed to have Direct Foreign Investment, in the light of the coalition Government compulsions?

THE MINISTER OF PETROLEUM AND NATURAL GAS AND MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR): Well, I can certainly say that this Government understands and need, place and context of Foreign Direct Investment better than the previous Government...(*Interruptions*)

SHRI RAVI SHANKAR PRASAD: His allies are sitting here. You can ask them. The memos, the understanding, the representation and the counter-representations are going on. My question was very clear...(*Interruptions*)

*188. *[The questioner (SHRI K.B. KRISHNA MURTHY) was absent. For answer vide page 29.]*

Supply of gas to Southern States

*189. SHRI V. NARAYANASAMY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to State:

(a) whether it is a fact that gas discovered by Reliance in the Krishna-

Godavari regions is being transported to Maharashtra and Gujarat through pipeline, though Southern States' demand for gas is very high; and

(b) if so, what action plan Government envisage to fulfil the needs of Southern States?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) and (b) A Statement is laid on the Table of the House.

Statement

(a) As per Production Sharing Contracts (PSC) under the New Exploration Licensing Policy (NELP), the contractor has the freedom to market gas anywhere in India at market-related prices.

The Operator has a two-year period for finalizing gas sales agreements from the date of approval of the development plan. The development plan in respect of three discoveries made by the consortium of Reliance Industries Ltd. (RIL)-Niko Resources Ltd. (NRL) in block KG-DWN-98/3 located in Krishna-Godavari deep waters has been approved by the Management Committee constituted under the PSC. It is understood that the consortium is finalizing a gas sales and purchase agreement with the National Thermal Power Corporation Ltd. (NTPC) for a part of the gas estimated to be produced from the contract area. The gas from the contract area is expected to be produced on a Commercial scale from August 2007.

(b) Gas demand for the Southern region/States may be met from discoveries made anywhere in India or its Exclusive Economic Zone as well as through LNG terminals and transational pipelines. However, consumers will have to tie up for gas at market related prices with the contractors/companies.

SHRI V. NARAYANASAMY: Sir, the hon. Minister in his reply in part (b) has mentioned that gas demand for the southern region States may be met from the discoveries made anywhere in India or its Exclusive Economic Zone as well as through LNG terminals and transnational pipelines. Sir, the purpose of asking this question is that the hon. Minister in his reply in part (a) has mentioned the production-sharing contracts under the New Exploration Licensing Policy, the contractor has got the freedom. Sir, I would like to know from the hon. Minister the Southern States are starved of power, lot of industries are coming up there, then you transport the gas

struck in Godavari Basin, Krishna Basin to Ahmedabad and also Mumbai, Uttar Pradesh and other States, because we cannot get gas from Guwahati to Chennai or even to Andhra Pradesh, why don't you have a comprehensive policy to ensure that the gas available in a particular region should be used for the purpose of development of that region?

SHRI MANI SHANKAR AIYAR: Sir, the short answer is that gas and oil are national resources; they are not regional resources and it has been, for a very long time, that oil produced in, say, Assam is made available elsewhere in the country. In recent times, after we started laying gas pipelines, it became possible to transport considerable quantities of gas from ...(*Interruptions*)... I am trying to give a comprehensive reply.

MR. CHAIRMAN: How much time will you take? ...(*Interruptions*)...

SHRI MANI SHANKAR AIYAR: Sir, I am afraid what Pondicherry gets is produced in several different parts of India just as what Pondicherry produces goes to several parts of India under a common market policy. India is one and we are going to make it available everywhere. It doesn't have to be that Krishna-Godavari gas alone is available to, say, Andhra Pradesh we are going to ensure that, as soon as we are able to do it, there will be a large enough national gas grid for all parts of India to receive equitably a substantial amount of gas, both domestic and imported.

MR. CHAIRMAN: This is a very much satisfying answer...(*Interruptions*)

SHRI V. NARAYANASAMY: Sir, my second supplementary question is this. Sir, I would like to know from the hon. Minister in the producting-sharing contract, what is the quantity that has been earmarked for the ONGC, whether you will be able to give an assurance in this House, at least that will be used for Southern region?

SHRI MANI SHANKAR AIYAR: Sir, I am afraid the assumption in the question does not lead to the conclusion to which he is tending. The fact is that where ONGC have a 30 per cent share in the total investment that has been made, naturally *pari passu* they have a 30 per cent right to determine how that gas is going to be sold. With respect to profit petroleum which is also provided for in these production-sharing contracts, as and when these are available, the Government has the option of either taking it in kind of taking it in cash. And if we do take it in kind, we will try to ensure

that what is profit petroleum of the Government is used to remove inequties of a geographical nature or other nature as may exist at that time.

SHRI NILOTPAL BASU: Mr. Chairman, Sir, it is easier for me now to formulate the question becuase, in reply to the first supplementary itself, the hon. Minister recognised the need for having an All India Policy of providing access to it, Now, it is very strange that under such conditions, instead of formulating a National Gas Grid, and within the context of that, allow for marketing of whatever gas is available, the Government of India is allowing the private companies or the public sector companies, I mean, wherever they get the gas, to lay the pipeline, based on market-based principles; whereas, the Minister himself recognised that it is oil from the North-East which goes to the entire country, and it is coal from the east which goes to the whole country. However, in the past, when it was a question of oil or coal, the policy was different, and now, for gas, without going in for a National Gas Grid, this kind of market-driven approach is being allowed.

SHRI MANI SHANKAR AIYAR: Sir, may I assure the hon. Member that we are trying to harness the market-driven forces in order to ensure that we do eventually have a National Gas Grid? There is no doubt in our mind at all that, eventually, we will have to have a National Gas Grid. But given the nature of first producing the gas, it is important that we given the right to those who discover it to do the transportation and marketing but on an arm's length basis. Therefore, I will assure my friend, Shri Nilotpal Basu, that the gas that we get from Myanmar, will first be fed into his State before it goes anywhere else. *(Interruptions)*

SHRI NILOTPAL BASU: No, no. I didn't mean that. Sir, I protest. This is very unfair. I am not talking on the basis of my State alone. We never do that. *(Interruptions)* If you want to have your reply, you have it. But don't attribute to me those things which I have not said. *(Interruptions)*

SHRI MANI SHANKAR AIYAR: I said that since Myanmar gas geographically will pass through West Bengal, which is a deficit area in gas, it makes sense for us to utilise it in Bengal, even if the CPI(M) would wish to utilise it in Kerala. We will use it where it goes through, and then we will see to it that the National Grid connects the country as a whole. *(Interruptions)*

SHRI DIPANKAR MUKHERJEE: Sir, this is not fair. Things are taken very lightly. (*Interruptions)*

SHRI NILOTPAL BASU: We will also have questions where we will have our say. (*Interruptions)*

SHRI DIPANKAR MUKHERJEE: The State of West Bengal is not deficit in gas. The whole of eastern zone does not have gas. (*Interruptions)* The hon. Minister may not be aware of it. (*Interruptions)* At whose cost is the hon. Minister cracking jokes? (*Interruptions)* What is this? The South has to wait for gas from outside. (*Interruptions)*

MR. CHAIRMAN: That is right. Shri Lalitbhai Mehta. (*Interruptions)*

DR. MURLI MANOHAR JOSHI: Mr. Nilotpal Basu, this is your Government. You are helping them. You should withdraw support from such a Government. (*Interruptions)*

MR. CHAIRMAN: Please don't disturb. Let him ask the question. Mr. Joshi, why are you standing? (*Interruptions)* Shri Lalitbhai Mehta.

SHRI LALITBHAI MEHTA: Sir, way back in 1990 the late Prime Minister Shri Rajiv Gandhi had given an assurance in writing to the Government of Gujarat that they would be supplying 2.5 MMSCMD of gas for a Pipavav (MMSCMD) power station producing 650 mega watts of power . Till today, the commitment given by him has not been honoured, either by the former Government of Narasimha Rao or the NDA Government. Looking to the increased gas production, will the hon. Minister assure us that commitment will be honoured?

SHRI MANI SHANKAR AIYAR: While I will need notice to be able to answer so specific a question, I make the clarification that the late Prime Minister, Shri Rajiv Gandhi, could not have given this assurance in 1990, because he ceased to be the Prime Minister, if my memory is right, in December, 1989.

DR. T. SUBBARAMI REDDY: Sir, the hon. Minister says that gas is supplied all over the country under the National Minerals Policy. I would like to know from him, since in Andhra Pradesh, the major part of the national gas is being produced and a number of power projects are actually waiting for the gas allocation, why he cannot give priority to Andhra Pradesh. I would also like to know, since the power projects are helping you to

supply power all over the country, from Andhra Pradesh to other States, whether he is going to give priority to Andhra Pradesh while making gas allocation to various States.

SHRI MANI SHANKAR AIYAR: Sir, the question of gas allocation is put with reference to gas which is marketed at administered prices, and, there, I am afraid, I am an inheritor of a somewhat irresponsible system under which allocations were made far in excess of any realistic assessment of availability. The fact of the matter is that availabilities from the pre-NELP nominated blocks given to ONGC are proving substantially lower than what had been anticipated in the Gas Linkage Committee. We are working on this, and it is my hope and expectation that, within a couple of years, though we have fallen behind, that by 2006-07, we will be able to start bridging all the availability gaps, and I also hope that we will be able to get these independent power projects off the ground. In Andhra Pradesh, I must add, the IPPs themselves have been dragging their feet in fulfilling their own contractual commitments with regard to the plants coming up.

DR. K. MALAISAMY: Sir, whatever may be the policy perspective in terms of all-India the fact remains that the source is at one place and it passes through that place. So, the availability is there, the accessibility is also there, but you are taking it elsewhere. As rightly said by Mr. Narayanasamy and others, will it not lead to illegal tapping in due course and will there be a policy shift initiative in your process in future? Can the local requirement also afford to be taken into account while framing or finalising the future policy?

SHRI MANI SHANKAR AIYAR: Sir, 'elsewhere' is not elsewhere outside India! We look upon India as a single market for our oil and gas, and in this process, there will be transmission, particularly by private operators, if their contracts are such that they are able to market it at more favourable rates to themselves, somewhere more distant and somewhere more closer. But as a Government, it is our duty to try and ensure an equitable distribution of gas all over the country; that is why, we are working towards a National Gas Grid. So, please don't use the word 'elsewhere' as relative as between one State and another because that would be to break up India into 25 components or more. Let us look at India as a whole and try to solve the problem.